

DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES

EXHIBIT 4

DATE 2-8-07

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BRIAN SCHWEITZER
GOVERNOR

JOAN MILES
DIRECTOR

STATE OF MONTANA

www.dphhs.mt.gov

January 25, 2007

Senator Greg Lind
State Capitol Building
Helena, MT 99620

Dear Senator Lind:

I am responding to your inquiry regarding potential pharmacy savings in the Medicaid program. You had asked whether additional staff would produce more savings. My pharmacy staff has done a quick analysis and believes that the best return on investment at this point would be an expansion of our contract with the Mountain-Pacific Foundation in the pharmacy case management area. The areas that we would propose to look at are:

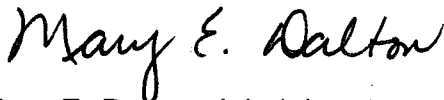
1. Pregnancy follow-up
 - inappropriate meds
 - compliance on prenatal vitamins and physician visits
2. Patients with documented renal insufficiency
 - potential dosing reductions of medications to reduce adverse events leading to increased care and potential admits
3. High Cost drug therapy reviews
 - e.g. Marinol
4. Lock-in patients
 - manage or monitor lock-ins from inception
5. Patient adherence monitoring with PCP's
 - share information with providers about all facets of care being provided
 - also included under this heading would possibly be medication adherence monitoring
6. Academic detailing
 - this approach involves actually counter-detailing the industry with appropriate cost information, un-biased literature support, and potentially meeting with individual or groups of prescribers discussing their prescribing practices

The Foundation has given us a very ballpark estimate of \$150,000 to do these case management functions. The most expensive of the options noted above is

the "academic detailing". It probably has the least potential for return as well but is something that we would like to try. The Department and the Foundation believe that the potential exists for good outcomes for not only saving money, but better patient outcomes with these proposals. Our estimated savings would be \$250,000 in total. There would be an estimated net savings of \$100,000 after the cost of the contract is factored in.

Please feel free to call upon me if you would like to discuss this further.

Sincerely,

A handwritten signature in cursive script that reads "Mary E. Dalton".

Mary E. Dalton, Administrator
Health Resources Division

cc: Joan Miles
John Chappuis
Dan Peterson
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Med/leg/sen lind pharmacy case man

Pharmacy Savings	FY 2008	FY 2009
Administrative Costs	<u>150,000</u>	<u>150,000</u>
General Fund	37,500	37,500
Federal Funds	112,500	112,500
Benefit Costs	<u>250,000</u>	<u>250,000</u>
General Fund	78,475	78,725
Federal Funds	171,525	171,275
Total Savings:	<u>100,000</u>	<u>100,000</u>
General Fund	40,975	41,225
Federal Funds	59,025	58,775

Source: Becky Beckert-Graham, Fiscal Bureau Chief, Health Resources Division
2/2/07